



RECENT WHEAT PROGRAM DEVELOPMENTS

1.72
W52 R

SEP 1 1938

A radio talk by G. E. Farrell, Director, Western Division, A.A.A., broadcast Friday, August 19, 1938, in the Department of Agriculture period, National Farm and Home Hour, by a network of 90 stations associated with the National Broadcasting Company.

- -oOo- -

KADDERLY:

Continuing the Farm and Home Hour, here's a report on wheat from George E. Farrell, Director of the Western Division of the Triple-A. Mr. Farrell reports to you today on recent developments in the wheat situation and on Triple-A wheat activity as a follow-up on the recent reports given you by Administrator H. R. Tolley on the wheat situation and the wheat acreage allotments. Mr. Farrell.

FARRELL:

Wheat is in the news right now. Farmers have just completed or are now completing this year's harvest. Winter wheat farmers are already getting ready to plant for next year's crop. This year's crop promises to be the second largest in the history of the United States. The supplies of wheat are piling up again. Prices are low. Exports are uncertain. Farmers need to know what the Triple-A and other Government programs for wheat will include in order to plan their operations. And everybody who lives in the wheat country, or who depends upon any part of the wheat industry for a living, has a vital interest in what happens to wheat. Today I wish to comment on events that are bringing the wheat program into clear outline.

Here are three points which stand out:

First, the Triple-A announced early this week the general outlines of the program for next year. Farmers know what they need to do to take part in the program and what this program will mean to them.

Second, the Bureau of Agricultural Economics has just published its revised estimate of the wheat carryover for July 1 of this year. This carryover of 154 million bushels is somewhat smaller than was expected. This is good news because it means that the pressure of large supplies will be less.

Third, Secretary of Agriculture Wallace has stated that a program is under way to make certain that the United States will be able to export its fair share in this year's world wheat trade. Actual details of this program have not been announced, but the fact that this plan is under way is another bit of good news to wheat farmers.

Now, just what do these three things mean? As I see it, these different programs affecting wheat mean that wheat farmers and the Government working together are taking action to meet what is generally agreed is a serious wheat situation.

That situation is, of course, that wheat supplies, after two years of record high wheat acreages, are approaching the levels of 1932 and without

(over)

action farmers might find themselves in the same predicament they were in at that time. Our crop is the second largest in our history. Our carryover will add to the supply. In 1932, farmers were helpless to meet this situation. Today, farmers know that action is being taken. They know that wheat loans are available to enable them to hold some of their wheat off the market and thus to protect the price of the wheat that is sold. They know that they can put surplus wheat into crop insurance as premiums on policies which will insure their wheat crops in 1939 and if they wish, also in 1940. They know that the Federal Surplus Commodities Corporation has bought, and will buy as needed, wheat products for distribution to people on relief. These outlets for wheat are already available for dealing with the present surplus.

Farmers know also that the 1938 Farm Act provides for balancing production with requirements through acreage allotments. And they know, that as a last resort next year, if they are once more buried under a flood of wheat, that marketing quotas can be put into effect, if two-thirds of the wheat farmers voting in a referendum favor those quotas.

As I just mentioned, the Triple-A has announced the outlines of the 1939 program. The most important part of that program for wheat farmers is how it will aid their incomes in spite of low prices. The 1939 program provides that farmers who cooperate next year by seeding wheat within their acreage allotments will receive payments which will range between 26 and 30 cents a bushel on their acreage allotments. Of this amount 16 to 18 cents a bushel will represent soil conservation payments, and between 10 and 12 cents will represent price adjustment payments. The wheat acreage allotments have already been announced by all of the various States, and counties and are being established for individual farms as rapidly as possible. So for next year farmers know what the program will require of them and they know what the program means to them in terms of payments.

The significance of the carryover report to wheat farmers is that the supplies of wheat are not quite as large as everyone has been thinking. But they are still plenty big. Even with a carryover of 154 million bushels, the estimated supply for the current year is over a billion bushels,--to be exact--one billion one hundred and ten million bushels. More than 150 million bushels over last year's supply.

Because the supply is still large, the announcement of Secretary Wallace that plans are under way for finding a foreign market for at least 100 million bushels of this extra wheat is highly important to wheat farmers. As I have said the details of this plan are not yet ready for announcement. But the point wheat farmers need to consider is that even with these exports, there will still be a very large supply of old wheat on hand next year. Our carryover next July 1 probably will be between 300 and 350 million bushels. So the need for acreage allotments and for bringing the situation into better balance is as strong as ever.

I believe that wheat farmers generally are aware of the need for making these acreage adjustments and that the A.A.A. program will help them do it. Just a short while ago I made a trip through the Great Plains

area in which I talked to a good many farmers.

One of the farmers I talked with said, "I'm willing to plant within my acreage allotment. That's the only way I can help prevent another price collapse, and I'm willing to plant for just my share of the market. But how do I know enough other farmers will do the same thing?"

I said, "You don't need to worry about that. You go right ahead and plant within your allotment and you'll come out ahead of the non-cooperator. You'll be eligible for a conservation payment and won't be wasting soil fertility on a surplus that isn't needed. And you'll be eligible for a price adjustment payment. You can get a Government wheat loan again next year if you want it so you can hold your wheat and thus get the best possible price. You will be eligible to buy government insurance protection for your growing crop of wheat. Besides that, if we got another big surplus next year, you couldn't sell your wheat for any reasonable price.

Farmers who were in Washington last week for the national conference that outlined the 1939 A.A.A. program told us that the wheat farmers were ready to do their part. Wheat farmers face the coming year with the knowledge that cooperation on their part is being matched by positive action on the part of the Government.

#

